

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of Financial and Insurance Regulation

In the matter of:

**Nathaniel J. Feala,
Surplus Lines Agent
System ID No. 0231729**

Enforcement Case No. 09-7185

**Jill M. Stekel
Surplus Lines Agent
System ID No. 0334062**

Respondents.

ORDER FOR SUMMARY SUSPENSION

The Office of Financial and Insurance Regulation ("OFIR") alleges that the following facts are true and correct. OFIR believes that these facts constitute activities of the Respondents that present a serious and immediate threat to the public's health, safety and welfare. OFIR believes that emergency action is clearly required to protect the public's interest. OFIR believes that the immediate harm to the public presented by the continuing operation of Respondents' insurance business, as alleged below, is much greater than the potential harm to the Respondents that might be occasioned by summary action against the licenses and authorities of Respondent Nathaniel J. Feala ("Respondent Feala") and Respondent Jill Stekel ("Respondent Stekel") (collectively "Respondents").

GENERAL ALLEGATIONS AND OVERVIEW

It is alleged that the following statements are true:

COUNT I
VIOLATION OF MCL 500.1950
RESPONDENTS FEALA AND STEKEL

1. On April 8, 2005, Respondent Feala became a Michigan non-resident licensed insurance producer and a non-resident licensed surplus lines agent.
2. On March 11, 2004, Respondent Stekel became a Michigan non-resident licensed insurance producer and a non-resident licensed surplus lines agent.
3. Respondents are employees of Vanguard Insurance Placement, Incorporated ("Vanguard").
4. Vanguard is a registered corporation in the State of Wisconsin.
5. Vanguard's majority shareholder is Robert Feala, father of Respondent Feala.
6. Respondents, as employees for Vanguard and licensed surplus lines agents, were responsible for submitting insurance policy applications to carriers.
7. From 2004 to present, Respondents bound surplus lines insurance coverage through Novus Centuria, Inc., a/k/a Novus Centuria Reinsurance Company ("Novus").
8. Novus is a corporation formed in the Island of Nevis, operating as a surplus lines insurer in the State of Michigan.
9. Novus is not an authorized or eligible insurer in the State of Michigan.
10. Novus's sole shareholder is Robert Feala, father of Respondent Feala.
11. Respondents knew or had reason to know that Section 1950 of the Michigan Insurance Code ("Code"), MCL 500.1950 requires that "the licensee shall first attempt to place the insurance with authorized insurers or, if that is not possible, with eligible unauthorized insurers before placing the insurance with an unauthorized insurer not recognized as eligible, and shall certify to the commissioner on a form prescribed by the commissioner that these attempts were made."
12. From 2004 to April 2009, Respondents falsely submitted hundreds of Surplus Lines reports to OFIR, Form No. 0269 "Report of Transaction with an

Unauthorized Insurer not Recognized as Eligible,” attesting that it had complied with Chapter 19 of the Code, including Section 1950.

13. However, Respondents violated Section 1950 of the Code in that they never attempted to place insurance with authorized insurers or eligible unauthorized insurers before placing the insurance with an unauthorized insurer not recognized as eligible, such as Novus.
14. Respondents’ continued failure to comply with Chapter 19 of the Code has caused harm to the public and such business practices constitute a continuing and immediate threat to the public.
15. Due to the high likelihood that Respondents will continue to violate the Code and cause harm to the public, the Commissioner needs to take emergency action to protect the public by issuing an Order of Summary Suspension.

COUNT II
VIOLATION OF MCL 500.1920(1)
RESPONDENTS FEALA AND STEKEL

16. Robert Feala, sole shareholder and President of Novus, recently testified that Novus has no assets of any kind.
17. Respondents knew or had reason to know that Section 1920 of the Code requires that “a licensee shall offer surplus lines insurance only to insurers that are in a stable and unimpaired financial condition.”
18. Based upon the above-cited conduct, by placing surplus lines insurance policies with Novus, Respondents have violated Section 1920 of the Code, MCL 500.1920.
19. Due to the high likelihood that Respondents will continue to violate the Code and thereby cause harm to the public, the Commissioner needs to take emergency action to protect the public by issuing an Order of Summary Suspension.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

WHEREAS, Respondents violated Section 1950 of the Code by failing to attempt to place insurance with authorized insurers or eligible unauthorized insurers before placing insurance with, Novus, an unauthorized insurer not recognized as eligible; and

WHEREAS, Respondents violated Section 1950(b) of the Code by filing hundreds of false surplus lines reports to OFIR; and

WHEREAS, Respondents violated Section 1920 of the Code by placing surplus lines insurance policies with Novus, an unauthorized ineligible insurer that does not have a stable and unimpaired financial condition; and

WHEREAS, Section 1242(4) of the Code provides that the Commissioner may order summary suspension of a license if he or she finds that protection of the public requires emergency action and incorporates this finding in his or her order; and

WHEREAS, based upon the above-cited conduct, the Commissioner finds that protection of the public requires emergency action in the form of Summary Suspension of the insurance producer and surplus lines non-resident licenses of Respondents Feala and Stekel.

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 1242(4) of the Insurance Code of 1956, as amended, MCL 500.1242(4), that:

1. The insurance producer licenses of Respondents Feala and Stekel are hereby Summarily Suspended. The suspension shall be effective upon service of a certified copy of this order on the Respondents.
2. A certified copy of this Order of Summary Suspension shall be served upon the Respondents forthwith.
3. An administrative hearing on this Order for Summary Suspension shall be promptly afforded to Respondents, if requested in writing, not later than 20 days after the effective date of this Order, unless the Respondents request a later date. Any request for a hearing should be addressed to OFIR, Attention: Amy Miilu, Hearings Clerk, P.O. Box 30220, Lansing, Michigan 48909.

4. At the hearing, the Commissioner shall determine if the suspension should be continued or if the suspension should be withdrawn, and, if proper notice is given, may determine if the license should be revoked. The Commissioner shall announce his or her decision within 30 days after conclusion of the hearing. The suspension shall continue until the decision is announced.
5. Respondents and their officers, directors, employees and agents shall immediately cease and desist from conducting any business as licensed insurance producers and surplus lines agents under the Code.
6. The Commissioner specifically retains jurisdiction of the matters contained herein to issue such further orders as he may deem just, necessary or appropriate so as to assure compliance with the law and protect the public interest.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

Date: 6/8/09


Stephen R. Hilker
Chief Deputy Commissioner